

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 COME-00 AGRE-00 AID-05 DOTE-00  
CIAE-00 DODE-00 INR-10 NSAE-00 PA-02 ICA-20 SP-02  
/062 W

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FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC 1468

UNCLAS MEXICO 11724

PASS USDA

E.O. 11652: N/A  
TAGS: EAGR, MX  
SUBJECT: TRANSPORTATION SHORTAGE THREATENS GRAIN SUPPLY --  
CODE 11-V, MX 8041

1. SUMMARY. PRIVATE SECTOR SOURCES ADVISE AGATT THAT  
SHORTAGE OF RAILROAD LOCOMOTIVES HAS SHARPLY REDUCED  
CAPACITY TO MOVE GRAINS FROM AREAS OF PRODUCTION TO CENTERS  
OF CONSUMPTION. MOST SERIOUSLY AFFECTED WOULD BE GRAIN  
SORGHUM AN ESSENTIAL INGREDIENT IN THE COMPOUNDING OF  
ANIMAL FEED. END SUMMARY.

2. ACCORDING TO SOURCES, IN ORDER TO CUT BACK ON FOREIGN  
EXPENDITURES, GOM REDUCED IMPORTS OF SPARE PARTS FOR  
LOCOMOTIVES WITH RESULT THAT 270 OF 740 ARE OUT OF SERVICE  
WITH LITTLE PROSPECT THAT THEY CAN BE RETURNED TO SERVICE  
BEFORE THE FIRST OF THE YEAR. THERE ARE REPORTS THAT THE  
GOM IS ATTEMPTING TO LEASE SEVENTY UNITS FROM U.S. AND  
CANADIAN RAILWAYS, WITH ABOUT THIRTY-FIVE UNITS ALREADY  
ON ROUTE TO MEXICO. GIVEN SHORTAGE OF LOCOMOTIVES IN THE  
U.S. AND CANADA, IF THE REPORTS ARE TRUE IT IS LIKELY  
THAT THEY ARE OLDER, LESS EFFICIENT UNITS WHICH, NEVERTHE-  
LESS, WOULD BE WELCOMED HERE.

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3. ONE FEED COMPOUNDER REPORTS THAT HIS COMPANY FINDS IT-  
SELF WITH ONTH THREE DAYS' SUPPLY OF RAW MATERIALS BUT  
THAT IT HAS HAD SEVENTY RAIL CARS OF SORGHUM ON A SIDING  
IN THE STATE OF TAMAULIPAS FOR OVER THREE WEEKS AWAITING  
A LOCOMOTIVE TO BRING IT TO THE VALLEY OF MEXICO. HE IS  
CONCERNED THAT GRAIN QUALITY WILL BEGIN TO DETERIORATE.

ANOTHER FEED COMPOUNDER REPORTS A SIMILAR SITUATION AND NOTES THAT SOME OF THE SMALLER MANUFACTURERS HAVE LESS THAN ONE DAY'S SUPPLY OF MATERIALS AND ONLY OPERATE INTERMITTENTLY. SHORTAGE OF FEED IS LIKELY TO CAUSE RISE IN PRICE OF POULTRY MEAT AND PORK. ALTHOUGH PRICE OF EGGS IS CONTROLLED BY GOM, A RISE IN PRODUCTION COSTS COULD LEAD TO SHORTAGES AND POSSIBLY SALES OUTSIDE NORMAL CHANNELS.

4. MOST DOMESTIC WHEAT HAS APPARENTLY MOVED TO MILLS, AND AREAS OF CORN PRODUCTION ARE SUFFICIENTLY CLOSE TO CENTERS OF CONSUMPTION THAT THE MORE COSTLY AND LESS EFFICIENT TRUCKING OF CORN CAN BE UTILIZED. HOWEVER, IF LOCOMOTIVE SHORTAGE PERSISTS, IMPORTS FROM U.S. OF WHEAT, FEEDGRAINS AND OILSEEDS WILL BE ADVERSELY AFFECTED. LUCEY

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Subject:** TRANSPORTATION SHORTAGE THREATENS GRAIN SUPPLY -- CODE 11-V, MX 8041  
**TAGS:** EAGR, MX  
**To:** STATE  
**Type:** TE  
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